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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/079,927
Filing Date: February 19, 2002
Appellant(s): GEORGE ET AL.

Patrick Boucher
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed November 30, 2007 appealing from the Office action mailed December 26, 2006.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

WITHDRAWN REJECTIONS

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows:

The following grounds of rejection are not presented for review on appeal because they have been withdrawn by the examiner. Rejections under 112 1st and 2nd paragraphs are hereby withdrawn. The sole remaining rejection is under 102(e).

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

2001/0054003 A1

CHIEN et al.

12-2001

(9) Grounds of Rejection

The following ground of rejection is applicable to the appealed claims:

Claims 1, 4, 6-14, 19 and 21-30 are rejected under 35 U.S.C. 102(e) as being anticipated by Chien et al. (hereinafter Chien), US Patent Application Publication 2001/0054003 A1.

As per the following claims Chien discloses:

1. A method for operating a loyalty program integrated with a financial infrastructure, the method comprising:

- Receiving, at a loyalty host system, a transaction instruction initiated by a customer at a merchant point-of-sale device disposed at a merchant point of sale (§8, 29);
- Determining, with the loyalty host system, whether the customer and merchant are participants in the loyalty program (§8, 9);
- Executing, with the loyalty host system, a loyalty process in accordance with the loyalty program **if** the customer and merchant are participants, wherein the loyalty process includes augmenting a stored point total for the customer by an augmentation amount in accordance with the application of administration criteria to the transaction instruction (§10-11, see note below regarding conditional language);

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- Transmitting, with the loyalty host system, the transaction instruction to the financial infrastructure with a request for approval of the transaction instruction (§12, 35, 54);
- Receiving, with the loyalty host system, a denial of the transaction instruction from the financial infrastructure (§72);
- Backing out of the loyalty process, with the loyalty host system, by decrementing the stored point total for the customer by the augmentation amount after receiving the denial of the transaction instruction (§11, 52, 69, 73); and
- Transmitting, with the loyalty host system, the denial of the transaction instruction to the merchant point-of-sale device (§72).

4. The method recited in claim 1 wherein executing the loyalty process comprises transmitting an instruction to the merchant to provide a reward to the customer immediately at the point of sale in accordance with the loyalty program (§33-34).

6. A method for operating a loyalty system, the method comprising:

- Maintaining, at a loyalty host system, administration criteria for each of a plurality of distinct loyalty programs comprised by the loyalty system (§28, 34);
- receiving transaction information at the loyalty host system from a merchant point-of-sale device disposed at a merchant point of sale, for a transaction between a customer and a first merchant enrolled in at least one of the loyalty programs (§9-10);

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- augmenting, with the loyalty host system, a point total for the customer in accordance with the transaction information and with the administration criteria for the at least one of the loyalty programs (§11, 52, 69);
- transmitting, with the loyalty host system, the transaction information to a financial infrastructure with a request for approval for approval of the transaction (§12, 35, 54);
- receiving, with the loyalty host system, an approval of the transaction from the financial infrastructure (§72); and
- transmitting, with the loyalty host system, the approval of the transaction to the point-of-sale device, wherein the augmented point total is available to be applied by the customer towards a reward from a second merchant enrolled in the at least one of the loyalty programs substantially immediately after execution of the transaction, the second merchant being different from the first merchant (§29, 41, 52-54, 69).

7. The method recited in claim 6 wherein the transaction information identifies an issuer of an instrument used by the customer to participate in the at least one of the loyalty programs (§49-50).

8. The method recited in claim 7 wherein the first and second merchants assign different values to the point total, the method further comprising performing point-settlement functions among the merchants with the loyalty host system (§65-66).

9. The method recited in claim 7 further comprising providing a report regarding point status to the issuer with the loyalty host system (¶33).

10. The method recited in claim 7 wherein the instrument comprises a magnetic-stripe card (¶30).

11. The method recited in claim 7 wherein the instrument comprises a chip card (¶30).

12. The method recited in claim 6 further comprising transmitting an instruction from the loyalty host system to the second merchant to provide the reward in response to receiving the transaction information for the transaction between the customer and the first merchant (¶29, 52-54, 58).

13. The method recited in claim 6 further comprising providing details of the customer's status within the at least one of the loyalty programs to the customer with the loyalty host system (figure 7, loyalty account balance status after transaction).

14. The method recited in claim 13 wherein the details are provided over the internet (¶41).

Claims 19 and 21-30 are directed to computer readable storage medium and program of the above method claim and are therefore rejected as above.

Claims 1 and 19 include optional conditional language “if” in the claim language which does not require the step to be performed. Applicant(s) are reminded that optional or conditional elements do not narrow the claims because they can always be omitted. See *e.g.* MPEP §2106 II C: “Language that suggest or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. [Emphasis in original.]”; and *In re Johnston*, 435 F.3d 1381, 77 USPQ2d 1788, 1790 (Fed. Cir. 2006) (“As a matter of linguistic precision, optional elements do not narrow the claim because they can always be omitted.”). Accordingly, the examiner has not accorded much patentable weight to the above noted steps.

Examiner has pointed out particular references contained in the prior arts of record in the body of this action for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the response, to consider fully the entire references as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior arts or disclosed by the examiner.

(10) Response to Argument

Since the Examiner has withdrawn rejections under 112 first and second paragraphs, Appellant’s arguments on pages 8-10 of the brief are moot. Therefore, the Examiner will address arguments presented on page 11, section (c) with regards to the rejection under 102(e).

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As per claims 1 and 19, Appellant's only point of contention is that the cited reference fails to disclose the claim limitation "backing out of a loyalty transaction" by decrementing the stored point total by a previously applied augmentation amount after receiving the denial of the transaction instruction (brief p. 11). The Examiner respectfully disagrees.

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., backing out of a loyalty transaction) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). The claim recites "backing out of the loyalty process" rather than a loyalty transaction.

Regardless, the Examiner interprets the limitation as a reconciliation step, wherein loyalty points are updated by subtracting or decrementing upon denial of a transaction. The reference specifically states that "upon completion of the account reconciliation (**or at any point in the transaction event**), the loyalty system middleware 40¹ interacts with the loyalty program 30 to permanently update the participant's loyalty account (paragraph 0064, emphasis added)." For example, Chien discloses that at any point during the transaction and even after the transaction, a loyalty credit can be applied by invoking the loyalty system middleware 40 to

¹ The loyalty system middleware 40 is a processing system that is generally configured to facilitate communication between the loyalty program 30, existing transaction card processing systems, and/or shopping/redemption networks. Specifically, the loyalty system middleware 40 is configured to, inter alia, (1) receive requests to use loyalty points as currency, via a user interface system 20, (2) verify with the loyalty program 30 that sufficient loyalty points are available, (3) communicate with an authorization system (e.g., CAS 50) to determine if the participant's 1 financial transaction account is active and has a sufficient credit limit, (4) convert loyalty points to currency, and (5) interact with financial capture (e.g., FINCAP 60) or accounts receivable (AR) 80 systems in order to credit a participant's financial transaction account with the appropriate amount of loyalty currency. The loyalty system middleware 40 may comprise various computer web and application servers, databases, routers, relays and the like in order to suitably process, route, and transmit data among, inter alia, the user interface system 20, loyalty program 30, FINCAP 60, and CAS 50 (Chien ¶0034).

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perform the appropriate conversion and to adjust the participant's loyalty account accordingly (0065). “Similarly, during a dispute handling process where the participant 1 requests a charge-back to the merchant 5, the account manager's 10 customer service agent is able to retrieve data based on (1) transaction details, (2) transaction account information, or (3) loyalty account details. Accordingly, if a charge-back does occur, the loyalty system middleware 40 may be invoked to either credit the transaction account or adjust the amount of loyalty points in the loyalty account.” *Id.* Accordingly, Chien clearly anticipates the reconciliation step as recited by Appellant.

Furthermore, Chien discloses in paragraph 0072 that “if the purchase amount is greater than the available amount, a denial may be returned to the authorization system.” The loyalty system middleware 40 is generally configured to interface with CAS 50, which can be any form of an account authorization system or network, to validate the transaction request (i.e., to determine if the transaction card number is valid and if sufficient credit is available in the financial transaction account). *See Chien paragraph 0052.*

If the transaction card is valid and sufficient credit is available, the loyalty system middleware 40 interfaces with the loyalty program 30 to calculate the appropriate number of loyalty points necessary to pay for the transaction (e.g., 10,000 points=\$250) and to determine if sufficient loyalty points are available in the participant's loyalty program account. The participant 1 is presented with a confirmation screen (FIG. 7) confirming that the participant's 1 transaction account (e.g., acct. no. 0000 001111 1111) will be credited with the appropriate transaction amount (e.g., \$250), while the participant's loyalty account will be reduced by the appropriate amount (e.g., 10,000 points). Although one embodiment contemplates updating the

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participant's loyalty account after the transaction has cleared, this **updating can be done at any point in the process** (0052, emphasis added).” Therefore, the system updates the loyalty host and points are decremented prior to completing a transaction in case of denial.

As per claims 6, 22 and 25, Appellant argues that "while this [Chien] disclosure allows loyalty points earned at one merchant to be used at another, there is no teaching or suggestion that such points be available for application by the customer at a second merchant substantially immediately after being earned at a first merchant (brief p. 11).” The Examiner respectfully disagrees.

One object of Chien’s invention is to provide “a program that expands product choice for loyalty program participants, while offering better real-time control of one's account (0007).” As disclosed in paragraph 0052 of Chien, any portion of the loyalty process may utilize real-time processing, wherein as points are earned, they will be available in real-time for using with other merchants. Chien states in the background of the invention that earning points and almost immediately using them thereafter is well known in the art and disclosed in paragraph 0005:

The '870 and '412 patents both relate to an online, interactive frequency and award redemption program which immediately awards and issues bonus points to a user's awards account in response to that user's online purchase of merchandise. In other words, submission of a purchase order form during an online session results in the calculation and addition of points to an enrolled user's account as well as the display of current account information. The user is then immediately permitted to redeem any or all of the award points in the user's account, including currently awarded points, in that same online session. This system is specifically directed to expediting the award and redemption of points for product. Therefore, this invention is limited to redeeming points within a redemption network of merchants who accept points.

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Therefore, Appellant's argument with regards to the above noted limitation is without merit and the rejection should be maintained.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

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For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

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